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FM AMEMBASSY KATHMANDU  
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INFO RUEHBJ/AMEMBASSY BEIJING PRIORITY 3807  
RUEHLM/AMEMBASSY COLOMBO PRIORITY 4048  
RUEHKA/AMEMBASSY DHAKA PRIORITY 9098  
RUEHIL/AMEMBASSY ISLAMABAD PRIORITY 2024  
RUEHLO/AMEMBASSY LONDON PRIORITY 3481  
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 9004  
RUEHCN/AMCONSUL CHENGDU PRIORITY 0260  
RHHMUNA/CDR USPACOM HONOLULU HI PRIORITY  
RUEAIIA/CIA WASHDC PRIORITY  
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C O N F I D E N T I A L SECTION 01 OF 02 KATHMANDU 000077

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DEPT FOR SA/INS

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TAGS: [PREL](#) [PGOV](#) [PREF](#) [PHUM](#) [CH](#) [IN](#) [NP](#)

SUBJECT: FOREIGN MINISTER PANDEY ON RELATIONS WITH U.S.

REF: A. KATHMANDU 57

[1](#)B. 05 KATHMANDU 2871

Classified By: Ambassador James F. Moriarty. Reasons 1.4 (b/d).

Summary

[1](#)1. (C) In a January 5 meeting with the Ambassador, Foreign Minister Pandey repeatedly stressed that good relations with the U.S. was key for Nepal as it tried to balance relations with its two powerful neighbors. Strained relations with the U.S. and India in the wake of the King's February, 2005 actions had resulted in increased Chinese influence in Nepal, Pandey argued. He implied that His Majesty's Government of Nepal's (HMGN) change of procedure for transiting Tibetan refugees was in response to Chinese pressure and would be corrected once "a relationship of trust is re-established between Kathmandu and Washington." The Ambassador noted that any civilized nation would allow refugees to transit and stressed that Nepal should resume its earlier procedures immediately. Pandey repeatedly urged the USG to give Nepal a roadmap of steps for restoring democracy and fighting terrorism -- "goals we both share." Discussion on Bhutanese refugees reported refTel A. End Summary.

Bilateral Relationship with U.S. is Key

[1](#)2. (C) Accompanied by his son (academic Nischal Pandey), FM Pandey held a two-hour wide-ranging discussion with the Ambassador at DCMR. Pandey, who has previously stressed the importance of close bilateral relations with the U.S., was increasingly vocal and insistent on the issue. He repeatedly referred to Nepal's geographic situation between two giants, arguing that only strong ties with Washington could prevent China and India from exercising undue influence in his country. The USG's actions conveying disapproval of the King's February 1, 2005 steps had emboldened the neighbors, especially the PRC, Pandey argued. This had been compounded by Nepal's increasing need to turn to China for military supplies in the wake of the U.S. and Indian cut-off of lethal military assistance, he claimed.

Tibetan Problems part of the Bigger Picture

13. (C) The Ambassador noted that Washington's actions were based on our firm conviction that the King's actions were detrimental to our twin goals for Nepal, restoration of democracy and preventing a Maoist takeover. The U.S. was deeply worried about the deteriorating situation in Nepal. In addition, there was an urgent issue related to Kathmandu's failure to provide exit permits to Tibetan refugees seeking to transit to India. This was rapidly causing a crisis, with almost 1,000 Tibetans currently crowded into a space designed for 200 (reftel B), the Ambassador stressed. Pandey feigned ignorance on the issue, but noted "the Chinese know everyone who comes and goes." He revealed that Beijing had attempted to stop the recent inauguration of a Tibetan Monastery near Kathmandu, which was built largely with funds raised in the U.S. Nepal had resisted China's pressure, "but did we get any recognition for that?" The Ambassador stressed that, as all civilized nations did, Nepal should allow refugees to transit, just as it had been doing for years. It needed to urgently resume the procedures it had previously followed.

Please give us a Roadmap  
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14. (C) Pandey said that action by the Maoists and the seven-party alliance would not prevent the holding of municipal polls on February 8. He claimed that a number of candidates had already registered and were campaigning. The political parties had committed "a major mistake" by allying with the Maoists, he stressed. His government hoped the elections would identify a new generation of politicians in Nepal. The King intended to establish a multi-party government soon after the municipal polls. That government would be tasked with conducting parliamentary elections,

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possibly as soon as the summer of 2006. Pandey said that good relations with the U.S. would help strengthen the "good people" around the King against the influence of the hard-liners. "Give me a roadmap of the steps we need to take and let us work together," he pleaded.

Comment  
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15. (C) Pandey has previously argued that better relations between Nepal and the U.S. will bolster what he says is his moderate voice among the King's advisors. We believe he understood that the issue of travel documents to Tibetan refugees is an issue which should under no circumstances be held hostage to the overall U.S.-Nepali relationship. Regarding the roadmap he so insistently requested, it may behoove us at some point to restate the steps we believe the King must urgently take to bring Nepal back from the brink. We will be sending further thoughts on that topic shortly.  
MORIARTY